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ARIZONA CORPORATION COMMISSION

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June 29, 2006

Mr. James Pignatelli
CEO & President
TEP/Unisource
1 South Church Avenue
Mail Stop UE181
Tucson, AZ 85701

Re: Possible Unisource Natural Gas interconnection to the Transwestern Pipeline in Yavapai County

Dear Mr. Pignatelli:

The rising cost of natural gas continues to be one of the most pressing issues facing residents of Northern Arizona as well as this Commission. The Corporation Commission is doing everything it can to combat these energy costs.

Toward that end, I am interested in knowing whether Unisource has actively worked with the developers of the Transwestern pipeline to discuss a possible interconnection that would provide an additional source of natural gas to Yavapai County.

Yavapai County should benefit from the presence of this pipeline. The additional supply from Transwestern would provide competition to gas shipped by the El Paso Natural Gas Company, currently the sole provider of gas to Unisource Natural Gas Company, and this competition in turn could help cut the cost of the increasingly expensive commodity. The Transwestern pipeline will also be shipping from the San Juan and Rocky Mountain gas basins, the origins of traditionally cheaper gas.

Guiding this Commission's support for the Transwestern pipeline has been our view that it has the potential to reduce the price of gas for customers in Arizona over time. Unisource customers faced a 26 percent increase in heating bills last winter and will continue to pay a surcharge until April of next year, and these Arizona customers are particularly deserving of a serious exploration of an interconnection by Unisource into Transwestern.

As natural gas prices continue to rise across the country, I hope Unisource will pursue opportunities such as this to help to ease the burden of high rates that the Company's customers

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in Yavapai County currently shoulder. We cannot shield consumers entirely from rising natural gas prices, but we should exhaust all avenues to help mitigate these rising costs.

My concern and interest in this matter are shared by some Yavapai County officials. On June 26, 2006, I received correspondence from Councilman Jim Lamerson of Prescott voicing his interest in the inclusion of Yavapai County for service by the Transwestern pipeline.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'K Mayes', with a stylized flourish at the end.

Kris Mayes
Commissioner

Cc: Chairman Jeff Hatch-Miller
Commissioner William A. Mundell
Commissioner Marc Spitzer
Commissioner Mike Gleason
Councilman Jim Lamerson
Brian McNeil
Heather Murphy